

MEMORANDUM

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ADOPTED

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MARCH 15, 1990

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: KEVIN WALSH, DIRECTOR OF MANAGEMENT AND OPERATIONS

SUBJECT: STATUS REPORT TO THE BOSTON REDEVELOPMENT AUTHORITY
BOARD REGARDING THE LOANS NEGOTIATED WITH THE JOHN
HANCOCK MUTUAL LIFE INSURANCE COMPANY

SUMMARY: THE LOAN AGREEMENT WITH THE JOHN HANCOCK MUTUAL LIFE
INSURANCE COMPANY IS CURRENTLY BEING NEGOTIATED. TERMS
AND CONDITIONS ARE DESCRIBED BELOW.

On December 28, 1989, the Boston Redevelopment Authority ("BRA") Board of Directors voted permission for the Director to act as agent for the Neighborhood Housing Trust to negotiate loans with the John Hancock Mutual Life Insurance Company ("Hancock") based upon certain Development Impact Project ("DIP") Agreements as collateral, and certain other negotiated terms and conditions. Those conditions and terms are as enumerated in the commitment letter, which is attached hereto as Exhibit A.

On March 13, 1990, the Neighborhood Housing Trust recommended that the BRA act as agent for the Trust in negotiating loans to the Trust from Hancock as outlined in Exhibit A.

An appropriate vote follows:

VOTED: That the Director be and hereby is authorized to take the necessary steps, acting on behalf of the BRA and acting as agent for the Neighborhood Housing Trust, to finalize loans with John Hancock Mutual Life Insurance Company, using several Development Impact Project Exaction (DIP) agreements as collateral, including entering into the commitment letter attached hereto as Exhibit A, and is further authorized to execute whatever documents are necessary to effectuate the closing; and provided further that the Authority hereby agrees to establish the escrow reserve accounts described in Exhibit A, said documents and agreements to include such provisions as the Director deems appropriate and in the best interest of the Authority.



as of March 16, 1990

Boston Redevelopment Authority
One City Hall Plaza
Boston, MA 02201

Attention: Stephen Coyle, Director

Neighborhood Housing Trust of the City of Boston
1010 Massachusetts Avenue
Boston, MA 02118

Attention: Lawrence Dwyer, Chairman

Gentlemen:

This letter agreement is intended to confirm the outline of the general terms and conditions upon which you and John Hancock Mutual Life Insurance Company ("John Hancock") are willing to proceed with the transactions contemplated herein.

The basic terms and conditions of the overall transaction are as follows:

1. John Hancock shall enter into a program under which it will make loans with face amounts, not exceeding in the aggregate, of \$35,000,000 to the Neighborhood Housing Trust of the City of Boston ("NHT") or, if obligations to make payments under the DIP Agreements (as hereafter defined) run to the Boston Redevelopment Authority ("BRA"), then to the BRA.
2. Each loan under the program will be secured by an assignment by the NHT and the BRA of all of their right to receive the Development Impact Project Exactions or "linkage payments" remaining to be paid to the NHT by the developer of the related real estate development within the

City of Boston under and pursuant to Articles 26 and 26A of the Boston Zoning Code and the related Development Impact Project Agreement ("DIP Agreement") for said development. Such real estate development shall be selected by John Hancock in accordance with the terms hereof.

3. The amount to be funded under any loan shall be equal to an amount, which together with interest thereon at a rate equal to 150 basis points over 10-year U.S. Treasury Bonds on an annual basis, would equal the remaining total of payments due and payable under the respective DIP Agreement. It is agreed that the index setting forth the 10-year U.S. Treasury Bond rate to be used as the basis for the preceding calculation for each loan shall be the index being generally used by John Hancock's investment departments for setting the rates of its mortgage and bond investments at the time for setting the rate as specified in Paragraph 4 hereof. The index currently being used is The Bloomberg "Current and When Issueds".
4. The rate of interest for each loan shall be set thirty days prior to the projected funding date for each loan and will be held for such 30-day period. If the loan is not closed within such 30-day period, a new projected funding date will be determined and the rate will thereupon be set, but not more than 30 days prior thereto.
5. With respect to any offered and accepted loan for which the assigned linkage payments have not yet begun to be made, the funding of such loan will occur on the date of payment of the first such linkage payment. All other loans shall be funded at a time agreed upon by the parties.
6. The NHT (or the BRA if applicable) shall offer to John Hancock the right to make a linkage payment loan with respect to each and every development project now or hereafter undertaken subject to the requirement that the developer thereof pay linkage payments; provided, however, that there shall be no obligation to offer to John Hancock such right to make a loan on the linkage payments relating to a particular development project (i) if the NHT (or the BRA if applicable) has determined not to enter into any loan arrangement with any party with respect to such linkage payments, (ii) where the developer of such particular development project has, itself, elected to pay the net present value of its linkage payments in a lump sum, or (iii) with respect to those three (3) linkage payment projects listed on Exhibit "A", a loan on which the BRA is currently negotiating with Metropolitan Life Insurance Company.
7. The NHT and the BRA agree to make available to John Hancock, promptly upon any such offer, any and all pertinent information contained in their files concerning the project and developer relating to each loan offered to

John Hancock in order that John Hancock may conduct its due diligence. John Hancock shall not, without the approval of the BRA, disclose to any person any information with respect to any such project or developer, whether the same is provided by the BRA, the NHT or a developer, or is otherwise obtained by John Hancock pursuant to any due diligence conducted by John Hancock in order to effect the terms hereof, except that John Hancock may disclose without such approval any such information (i) to its officers, directors and senior management personnel in confidence and for further disclosure by them if necessary to the performance of their duties or the performance of the transactions outlined in this letter, including, without limitation, John Hancock's due diligence; (ii) to the extent that it is reasonably necessary to do so in the course of its business or to the extent required by law or legal process or by the rules and regulations of any governmental body or administrative agency, or pursuant to the lawful request of any governmental official acting in his official capacity; or (iii) to prosecute or defend as a party any claim, cross-claim or counter-claim which may be asserted by or against it.

John Hancock shall have the absolute and unfettered discretion to accept or reject for any reason any linkage payment loan offered to it by the NHT or the BRA, such determination to be made within thirty (30) days after notice to John Hancock of the availability of such loan. It is understood that the Mortgage and Real Estate Committee and the Committee of Finance of John Hancock must review and approve each loan to be made under this program. Except as the same may be necessary in the reasonable judgment of John Hancock in order for it to conduct its due diligence with respect to any loan offered pursuant to the terms of this letter, which due diligence shall be the customary due diligence that is normally performed by John Hancock in originating and making real estate and bond investments, and except as permitted pursuant to clauses (i), (ii) and (iii) of the second sentence of this paragraph 7, John Hancock will not, without the approval of the BRA, disclose to any person (i) that negotiations or discussions are taking, or have taken, place regarding a loan relating to a specific project or developer; (ii) any of the terms, conditions or other specifics with respect to any such loan; or (iii) the status of such negotiations or discussions, including the rejection and cause for rejection of any such offered loan.

8. John Hancock shall not be under any obligation to make any funding under the program after December 31, 1994, it being the intention of the parties, however, that if the said \$35,000,000 (face amount aggregate) has not been funded by that date, each party may, but shall be under no obligation

to do so, evaluate the terms, conditions and effectiveness of the program, with a view toward extending the same or a similar program for an additional time period.

9. With respect to those loans for which John Hancock deems it necessary in its sole, absolute and unfettered discretion, the NHT and the BRA shall use their best efforts to cause the developer to provide to John Hancock, or at their election the NHT and/or the BRA, itself or themselves, may provide to John Hancock, during the entire term of such loan, an unconditional irrevocable letter of credit, issued by a bank satisfactory to John Hancock, in a form and having a term satisfactory to John Hancock and in an amount equal to the aggregate of all linkage payments remaining due and payable by such developer and assigned to John Hancock. The amount of such letter of credit shall reduce at the time of payment of a linkage payment to John Hancock by an amount equal to such payment. In the event such letter of credit will not be so provided to John Hancock, John Hancock shall have the option to reject such loan or to waive such requirement for a letter of credit and accept the offer to make such loan. In the event John Hancock rejects the loan hereunder, or otherwise rejects the loan pursuant to Paragraph 7 hereof, the NHT (or the BRA if applicable) shall have the right to offer to any other parties the right to make a linkage payment loan with respect to said development project, provided that the terms and conditions of such loan shall in no event be more advantageous to said party or parties, (for example with respect to interest rate and other financial terms, security, letters of credit, additional security, etc.) than the terms and conditions of the loan as rejected by John Hancock.
10. The BRA will pay the first \$25,000 of John Hancock's legal fees and expenses. In addition, the BRA will pay \$5,000 of John Hancock's legal fees and expenses when the aggregate face amount of loans made reaches \$15,000,000, plus an additional \$5,000 of John Hancock's legal fees and expenses each time the aggregate face amount of the loans increases by \$5,000,000 thereafter.
11. A Debt Service Reserve for the program will initially be established in an amount equal to the total of the annual linkage payments due and payable under each loan. The Debt Service Reserve may be funded, in whole or in part, from the first DIP payment relating to a particular loan. Said amounts shall be placed in an escrow account with an escrow agent satisfactory to John Hancock and upon terms and conditions satisfactory to John Hancock, which Reserve will be used to pay all or any portion of a linkage payment not timely paid by a respective developer. As each subsequent loan is made, there shall be added to the Reserve an amount

equal to the annual linkage payment due under such loan. For those loans where a letter of credit is also required by John Hancock, such Reserve shall reduce annually at the time of making of a linkage payment by an amount equal to the original amount of such particular loan Reserve divided by the number of payments to be paid under such loan. Upon payment in full of each loan, any amount remaining in the Reserve for such loan, together with accrued interest thereon, shall be paid to the NHT or the BRA.

12. The NHT or the BRA shall provide a \$250,000 Legal Defense Fund to be used exclusively for defending any action or proceeding challenging the legality of Articles 26 and 26A of the Boston Zoning Code and/or the payment of linkage payments thereunder. It is understood that the escrow account established pursuant to the Loan and Security Agreements between the NHT, the BRA and The Prudential Insurance Company of America and Metropolitan Life Insurance Company shall constitute the Legal Defense Fund required by John Hancock, provided John Hancock approves of the terms and conditions of such escrow arrangements. The BRA agrees to diligently defend the legality and payment of linkage payments.
13. The BRA agrees to diligently prosecute any default in the payment of linkage payments assigned to John Hancock as loan security, and to establish therefor an escrow with an escrow agent and upon terms and conditions satisfactory to John Hancock; the initial amount of such escrow shall be \$50,000 and the same shall be used to pay legal fees and expenses in connection therewith. Such escrow amount shall be increased by \$25,000 at the time the aggregate face amount of loans made reaches \$15,000,000 and by \$25,000 for each additional \$5,000,000 thereafter.
14. In the event the obligations of the developer to make linkage payments are relieved in whole or in part by reason of the imposition of an excise or tax levied by the City of Boston on a project, the NHT shall nevertheless be obligated to make the full amount of any payment required under a John Hancock loan. If the NHT fails to make such payment, the BRA, upon 5 day's notice, will make any such deficiency payment.
15. It is understood that all of the documentation for the transactions outlined, including without limitation the DIP Agreements, promissory notes, loan and security agreements and instruments, escrow agreements, letters of credit, etc., shall be subject to the review and approval of John Hancock and its outside legal counsel.

16. The BRA, the NHT and John Hancock agree to cooperate with each other in preparing and distributing any press release or other form of media publication (but excluding internal communications) outlining the loan program and/or any specific loans made or to be made pursuant to the terms of this letter.

If the above terms and conditions accurately set forth the general outline of the transactions contemplated, please execute the copy hereof in the space provided below.

JOHN HANCOCK MUTUAL LIFE
INSURANCE COMPANY

By: _____
John A. Worthen
Senior Vice President

ACCEPTED as of the 16th day of March, 1990

BOSTON REDEVELOPMENT AUTHORITY

BY: _____
Stephen Coyle, Director

NEIGHBORHOOD HOUSING TRUST OF THE
CITY OF BOSTON

BY: _____

3291I

EXHIBIT "A"

Linkage Payment Projects currently under negotiation with
Metropolitan Life Insurance Company.

160 Federal Street

Children's Hospital

15 New Chardon Street

BRIEFING MATERIAL

THE NEIGHBORHOOD HOUSING TRUST

*John Hancock's
\$35 Million
Linkage Commitment*

March 1990

**Timeline for Steps to be Taken to Effectuate
Linkage Purchase**

March 13, 1990

Approval by the NHT of the terms of the transaction, and authorization to execute the Commitment Letter.

March 15, 1990

Approval by the BRA Board of the final form of Commitment Letter.

March 16, 1990

Execution of the Commitment Letter by the NHT, the BRA and Hancock.

Week of March 19, 1990

Notice by BRA to Hancock of development projects being offered for purchase; commencement of due diligence review by Hancock of materials relating to those projects. Begin drafting Loan and Security Agreement.

Week of April 16, 1990

Determination by Hancock whether to accept or reject for purchase linkage project offered for sale during the week of March 19, 1990.

MEMORANDUM
March 13, 1990

TO: THE NEIGHBORHOOD HOUSING TRUST

FROM: KEVIN WALSH
SHELIA MAITH
TOM O'MALLEY
BRIAN DeLORI

RE: APPROVAL OF THE LOAN AGREEMENT WITH THE JOHN HANCOCK
MUTUAL LIFE INSURANCE CO.

As you know, the BRA on behalf of the city, has been engaged in discussion with the John Hancock Insurance Co. to create a loan program for the purposes of funding affordable housing, throughout the city, using linkage payments as collateral.

Through a series of negotiation sessions, BRA staff and Hancock reached final closure on the few remaining points on Friday, March 9, 1990. We are pleased to present to you for your approval, a Commitment Letter from Hancock which sets out the terms and conditions of the loan program.

The features of the commitment are as follows:

- * Under the loan program, John Hancock will make loans between now and 12/31/95 up to an aggregate face value amount of \$35,000,000.
- * The loans will be secured by an assignment of the linkage payment streams emanating from a particular project.
- * The loan interest rate will be equal to 150 basis points over the interest rate for the 10-year U.S. Treasury bonds, to be set 30 days prior to the projected funding date for each loan.
- * The Trust will offer to John Hancock the opportunity to purchase a given linkage project only if (i) it has decided not to hold the project, or (ii) the developer has not decided to purchase the linkage stream itself, or (iii) the projects are not those currently under negotiation with Metropolitan Life (160 Federal; Children's Hospital; 15 New Chardon).
- * John Hancock will determine within 30 days if it desires to purchase a certain project, or if a certain project requires credit enhancement or modified terms in order to be purchased by Hancock. The interest rate described in (3) is not a modified term. The BRA will use best efforts to obtain credit enhancement where such is required by Hancock, but if it is

not possible to obtain, Hancock may reject the purchase of a particular project, and the BRA and NHT are free to offer it for sale to other third parties.

- * A debt service reserve for the loan program will be established equivalent to the annual payments due under a particular loan. A collection reserve in an amount of \$50,000, to be increased by \$25,000 for each \$5,000,000 in loans purchased over \$10,000,000.
- * This memorandum is intended as a broad summary of the terms and conditions of the Hancock deal, which are most accurately embodied in the Commitment Letter included in this briefing package. In the event of any apparent discrepancy between this memorandum and the Commitment letter, the letter should serve as the last word on the project.
- * Following execution of the Commitment Letter by all parties, the BRA and NHT will give notice to Hancock of DIP projects offered for sale Hancock will commence its due diligence. Simultaneously, attorneys for Hancock, the BRA and NHT will begin drafting the loan and security agreement and related documents which will more fully develop the terms of this transaction.

Attached for your benefit is also an estimated schedule of events which represents the next steps necessary to complete loans from Hancock.

Finally, a vote has been prepared for the benefit of the trustees which will enable the BRA to act on behalf of the NHT, allowing the loan program to move forward.

VOTE OF THE NEIGHBORHOOD
HOUSING TRUST

- As Amended -

Approved by the Neighborhood Housing Trust on
March 13, 1990.

VOTED: That the Neighborhood Housing Trust ("Trust") is authorized to borrow funds from the John Hancock Mutual Life Insurance Company ("Hancock"), and to recommend that the Boston Redevelopment Authority ("Authority") act as agent for the Trust for the purpose of negotiating loans to the Trust from Hancock, as described in the commitment letter substantially in the form of the attached Exhibit A. The Trust is further authorized to recommend that the Authority take all actions necessary to enter into the transaction as described in the attached commitment letter, including, but not limited to, entering into a loan agreement, any promissory notes, any escrow agreements and/or additional agreements required, and additionally authorizes any modification of the terms of the agreement which may be necessary to complete and close the loan transaction.

VOTED: That pursuant to the above-stated loans from Hancock, the Trust is authorized to issue promissory note(s), consistent with the terms of the agreement outlined in Exhibit A, and that the Chairman or the Managing Trustee is authorized to sign such note(s) on behalf of the Trust.

VOTED: That in connection with the above-stated loans being obtained by the Trust from Hancock, the law firm of Schapiro, Hays and Kelly is hereby appointed, at no cost to the Trust, special legal counsel to the Trust.

Attested to on behalf of the
Neighborhood Housing Trust

Lawrence Dwyer, Chair

Hancock Linkage Purchase

I. Agreements

- o Loan & Security Agreement, plus exhibits
- o Escrow Agreement, establish account
- o Promissory Notes
- o Payment direction letter
- o Opinion Letters
- o Estoppels
- o Riders to Housing Creation Agreements

II. Due Diligence

- o Certified copies of DIP agreements
- o Copies of Housing Creation agreements
- o BRA votes to enter Hancock agreement
- o NHT votes to enter Hancock agreement
- o BRA/NHT votes authorizing DIPs
- o BRA/NHT votes authorizing Housing Creation agreements
- o Any BRA/NHT amendments to DIPs/Housing Creation agreements
- o NHT vote of appointment of counsel

III. Other

- o Letters of Credit, or acceptable substitute
- o Recordation of omnibus notice or UCC financing statement